



Department
for Culture
Media & Sport

Government Response to the Consultation on Incidental Non- Commercial, Private Society, Work and Residents' Lotteries

8 July 2014

Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

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Chapter 1: Background

1.1 The Red Tape Challenge is a cross-Government programme to tackle the stock of unnecessary and over-complicated regulation – reducing the burdens for business and society, saving taxpayers money and supporting economic growth.

1.2 As part of the Sport and Recreation theme of the Red Tape Challenge the Department for Culture, Media and Sport looked at the regulations governing gambling – including small exempt lotteries.

1.3 During this examination, it was identified that within the Gambling Act 2005 there were restrictions applying to certain exempt (that is exempt from requiring a licence from the Gambling Commission or registration with a Local Authority) lotteries that prevented them from raising money for charities and good causes.

1.4 The identified exempt lotteries were incidental non-commercial, private society, work and residents' lotteries.

1.5 A consultation opened on 27 February 2014 and closed on 10 April 2014. The consultation was open for a period of 6 weeks rather than 12 due to the deregulatory nature of the recommendations. We sought views from charities and other organisations with an interest in fundraising through exempt lotteries, as well as faith and community groups. In addition to appearing on the Department for Culture, Media and Sport website, information regarding the consultation was emailed to 15 organisations, which were felt to be directly impacted by the recommendations.

Chapter 2: Executive Summary

2.1 The Government received 16 responses to the consultation. These came from a range of correspondents – charities, a member of the public, private companies and organisations. Not all respondents commented on all the 21 questions, instead commenting on those where they had a particular interest. The majority of responses were from charities and were in favour of the Government's recommendations, with 1 response from a member of the public opposing all the recommendations on the grounds that they promoted gambling.

2.2 A number of responses from charities mentioned that they have in the past had to refuse permission for fundraisers to raise money for them through these types of lotteries as regulations prohibited such activity and that by removing the restrictions more money would be raised for charities.

2.3 Several of the respondents mentioned that they disagreed with the limiting of work lotteries to a single site – they urged that all properties in their company should be able to participate.

2.4 After considering the responses, the Government has decided to proceed with the removal of the restrictions preventing incidental non-commercial, private society, work and residents' lotteries proceeds from being donated to charity and good causes.

2.5 After consideration, the Government has decided not to extend work lotteries to a multi-site basis as this could lead large companies with sites located nationwide (eg supermarket chains) to possibly being able to run work lotteries on a scale that would lead to an undesirable overlap with the functions and purpose of small society lotteries.

2.6 The Government has decided to proceed with the abolition of the requirement for the results of incidental non-commercial lotteries to be announced during the event. This will allow lotteries, such as balloon races, to raise funds for charity.

2.7 The Government has also decided to abolish the requirement for work and residents' lottery tickets to display the name and address of the promoter. However, the Government will ask the Gambling Commission to include in their guidance to promoters of exempt lotteries that they should take measures to ensure consumers are aware that tickets purchased for these types of lottery are non-transferrable.

Chapter 3: Summary of Responses and Government Response

Incidental Non-Commercial Lotteries

Quotes:

“This consultation is important for the entire society lottery sector in that it highlights how deregulation can help support society lotteries to generate even more income for good causes” The Lotteries Council

“These proposals mean that more of our partners and volunteers will be able to hold lotteries to fundraise for Cancer Research UK, and will also maximise donations received from lotteries that already take place” Cancer Research UK

“As there is minimal risk associated with these lotteries we believe liberating them from regulation is a common-sense approach that would not require much resource from charities to implement and communicate to supporters. Overall we believe that it is a positive development for charities that will enable us to raise more income for good causes.” British Red Cross

“We have previously been approached by supporters wishing to operate incidental lotteries at commercial events/venues and have had to tell them that this is not permitted.” Sue Ryder

“We agree that the current restrictions discourage event organisers from undertaking such fundraising activities on behalf of charitable causes because of the rules relating to other monies raised at an event.” Marie Curie Cancer Care

“There are widespread opportunities for people to be involved in gambling eg the many high street betting shops, the National Lottery, etc. There are already issues with problem gamblers in this country and it seems unhelpful to deregulate so as to encourage even more gambling. As far as fundraising for charities and good causes is concerned it seems less complicated for people to be asked to make donations rather than be involved in gambling.” Anonymous Member of the Public

Summary of Responses:

3.1 Of the 16 responses to the consultation 7 directly agreed with Question 1: Do you agree with the Government's proposal to permit lotteries that are incidental to commercial events to be run? 1 respondent disagreed on the basis that it would promote gambling and the remaining 10 expressed general agreement with the consultation proposals.

3.2 The main reason why respondents agreed with the Government's recommendation was that it would increase the number of opportunities to operate fundraising lotteries and hence raise more money.

3.3 No measurable evidence was provided on the scale of the impact of this recommendation, however anecdotal evidence was provided by some respondents that they have had to dissuade supporters in the past from holding such lotteries.

3.4 Some caveats were mentioned. The Lotteries Council stated that an "absence of a turnover cap could permit this unregulated activity to cross the boundary into space currently the preserve of registered or licenced lotteries, posing a risk to funds and to the credibility of society lotteries. We would propose a limit on proceeds of £10,000 per draw and £50,000 in a calendar year".

3.5 Cornwall County Council asked how it could be monitored that the funds raised go to the agreed charity, an issue also raised by Cancer Research UK and The Institute of Licensing. The Wiltshire Federation of WIs suggested that a "provision should be made for an exemption for small scale raffles, small village or local raffles where the sums involved are less than...£500."

3.6 Marie Curie Cancer Care commented on the risk identified of gambling operations being able to hold incidental non-commercial lotteries on their premises – which they were against. Marie Curie Cancer Care was also the only respondent to comment on the proposal to allow the announcement of a lottery's result after the event stating that they "support the proposal to allow the result of a lottery to be announced during the course of an event".

Government Response

3.7 The Government acknowledges that the majority of the respondents agree with the Government that the current restrictions on this lottery is a barrier to raising funds for charities and that they should be removed.

3.8 The Government also acknowledges the concerns raised about the risk proceeds of the lottery will not be directed to the agreed charity, but believes that the retention of the £500 maximum prize limit and the £100 maximum limit on expenses will minimise the risk of abuse and that the benefits to charities outweigh the risk. Section 261 of the Gambling Act

2005 also makes it an offence for a person to use any part of the profits of an incidental non-commercial lottery for a purpose other than the one for which the lottery is permitted to be promoted.

3.9 The Government also believes that the benefits to good causes outweigh the potential risk associated with a gambling operator being able to hold an incidental lottery in connection with an event on their premises.

3.10 The Government acknowledges the concern raised by the Lotteries Council on the lack of a turnover cap – particularly in the cases of large events. However, the Government considers that this risk already exists - especially in the cases of large donations and that the benefits to good causes outweigh this risk. The Government therefore does not propose to introduce new regulation imposing a turnover cap.

3.11 The Government therefore intends to proceed with lifting the restriction and allowing incidental lotteries to take place at both non-commercial and commercial events. The Government further intends to lift the restriction on the result of a lottery being made public while an event is taking place, to allow lotteries such as balloon races to raise funds for charity.

Private Society Lotteries

Quotes:

“We have in the past been approached by members of clubs, etc wishing to support us through small private lotteries (often where we have cared for a member of that club or their family). It would be good for us if they were allowed to do so.” Sue Ryder

“We believe that this [lottery] is likely to lead to an increase in local fundraising on behalf of charities”. Marie Curie Cancer Care

3.12 The majority of the responses expressed no opposition to the proposal to allow private society lotteries to be able to donate the proceeds to a charity.

Government Response

3.13 The Government intends to lift the restriction on small society lotteries to allow them to donate the proceeds to a charity of their choice.

Work and Residents' Lotteries

Quotes:

"We believe the proposal to allow work place lotteries to run with proceeds going towards good causes would provide another valuable opportunity for BRC to maximise fundraising activity." British Red Cross

"...Various businesses have wanted to carry out small workplace lotteries to raise funds for us (sometimes where they have adopted us as their "charity of the year" but also where they simply support their local Sue Ryder hospice). Such lotteries are low risk and allowing them can only be good for charities, who will receive extra funds for their work." Sue Ryder

"It does not seem logical or in the public interest that such [work] raffles would be legal if all the proceeds were used for prizes and expenses but not if the proceeds are given to charity." Alzheimer's Society

3.14 The vast majority of responses were agreeable to this proposal.

3.15 The main caveat expressed was opposition to the work and residents' lotteries being kept to a single set of premises. Talbot Validus Group, Alzheimer's Society, Jardine Motors Group and the RNLI all expressed the view that "the benefits could be extended by allowing organisations with many sites to run raffles across more than one site." (Alzheimer's Society)

3.16 In response to the proposal that the Government would not make all work and residents' lotteries profit-making, Marie Curie believes "that the rules should mandate that all profits should go to charities, in order to maximise the money reaching those who need it most."

3.17 Four respondents specifically agreed that the ticketing arrangement for work and residents' lotteries to provide specific information should be abolished.

Government Response

3.18 The Government acknowledges that the majority of the respondents agree with the Government that the current restrictions on these lotteries are a barrier to raising funds for charities and it is in the public interest that they should be removed. The Government intends therefore to lift the restrictions on work and residents' lotteries to allow their proceeds to be donated to charity.

3.19 The Government acknowledges the argument put forward for the removal of the requirement these lotteries be limited to a single set of premises. However, the Government believes that allowing these lotteries to be operated on a multi-site basis (for example a large employer being able to hold a lottery across all of its sites across the UK) could have the effect of encroaching on the form and function of society lotteries. Large scale fundraising from lotteries is the preserve of society lotteries and the National Lottery, which are required to be licenced and regulated more strictly because they are much larger in terms of proceeds. Therefore, the Government does not intend to extend the playing of these lotteries to multi-site premises.

3.20 Work and Residents' lotteries are often played just for fun and whilst the Government believes that it should be possible, if desired, to donate the proceeds of the lottery to charity, it is not the Government's intention to remove this fun aspect – therefore, it is the Government's intention to also allow work and residents' lotteries proceeds to be used for prizes and/or reasonable expenses.

3.21 The Government intends to abolish the requirement for specific information to be printed on the tickets for work and residents' lotteries. However, the requirement for the ticket to be non-transferrable remains and the Government will ask the Gambling Commission, when it revises its guidance on private society, work and residents' lotteries, to ensure the promoter of the lottery takes measures to make all players aware of this stipulation.

Chapter 4: Next Steps

4.1 The Government will now proceed, via an appropriate legislative vehicle, with its recommendations to remove the restrictions from these particular lotteries to enable proceeds to be donated to charity.

Chapter 5: List of Respondents to the Consultation

Alzheimer's Society

Anonymous Member of the Public

British Red Cross

Cancer Research UK

Comic Relief

Cornwall County Council

Jardine Motors Group

Marie Curie Cancer Care

North Somerset Council

RNLI

Sue Ryder

Talbot Validus Group

The Institute of Licensing

The Lotteries Council

Wiltshire Federation of Women Institutes

Working Men's Club and Institute Union



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